

REMARKS

Claims 1-7 were rejected as anticipated by JOAO et al. 5,878,337. Claims 1-7 have been replaced with new claim 8 and reconsideration and withdrawal of the rejection are respectfully requested.

New claim 8 is directed to a novel method in which the responsible card holder is asked whether to authorize a purchase transaction before determining whether an account of the responsible card holder can settle the purchase transaction. JOAO et al. does the opposite and thus claim 8 avoids the rejection.

Claim 8 includes the steps, in order, of reading card information at a payment processing terminal and transmitting the card information and purchase transaction data to a card authentication and settlement processing device where an identity of a responsible card holder and a mobile device address of the responsible card holder are determined based on the card information; then, before determining whether an account of the responsible card holder can settle the purchase transaction, transmitting the purchase transaction data from the card authentication and settlement processing device to the mobile device address of the responsible card holder where a determination is made whether to authorize the purchase transaction and the card authentication and settlement processing device is informed of the determination; and at the card

authentication and settlement processing device, if the purchase transaction is authorized by the mobile device of the responsible card holder, determining whether the account of the responsible card holder can settle the purchase transaction, and informing both the mobile device of the responsible card holder and the payment processing terminal whether the account of the responsible card holder can settle the purchase transaction.

By contrast, JOAO et al. disclose a system in which the determination is made whether the account of the responsible card holder can settle the purchase transaction before sending the purchase transaction data to the responsible card holder (see Figure 3, steps 34 and 37; Figure 6, steps 134 and 138; and Figure 9, steps 234 and 239). Since the reference does not disclose all the limitations of claim 8, claim 8 avoids the rejection under §102.

In applicant's view, the system and method in JOAO et al. affords less protection against unauthorized use or copying of the card than that of the present invention. The user probably knows more accurately and sooner than the card authentication and settlement processing device whether the purchase transaction is authorized and thus should be contacted first, as in the present invention, which is thereby an improvement over the system and method of JOAO et al. Further, the present invention affords more protection against inadvertent

and improper acceptance of the purchase transaction by the card authentication and settlement processing device.

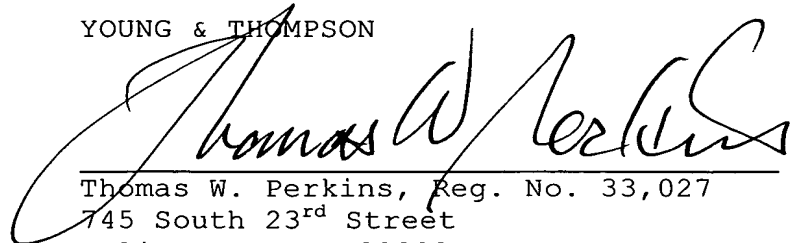
There is also nothing in JOAO et al. that suggests the process described therein may be modified to reverse these steps so as to make claim 8 unpatentable. All three embodiments use the same steps in the same order. Indeed, the disclosure includes numerous alternative embodiments, but none of the alternative embodiments are relevant to the patentability of claim 8. Accordingly, claim 8 would not be obvious in view of this reference.

In view of the present amendment and the foregoing remarks, it is believed that the present application has been placed in condition for allowance. Reconsideration and allowance are respectfully requested.

The Commissioner is hereby authorized in this, concurrent, and future replies, to charge payment or credit any overpayment to Deposit Account No. 25-0120 for any additional fees required under 37 C.F.R. § 1.16 or under 37 C.F.R. § 1.17.

Respectfully submitted,

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